

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

October 13, 2016

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:10 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Members present were Chairman Jessie L. Barksdale and Robert Warren; Alternate Elton W. Blackstock was absent.

City/County staff members attending were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, Pittsylvania County Administrator Clarence Monday, City of Danville Director of Economic Development Telly Tucker, Pittsylvania County Director of Economic Development Matt Rowe, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Assistant Director of Finance Patricia Conner, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present were Shawn Harden and Brian Bradner of Dewberry & Davis.

PUBLIC COMMENT PERIOD

Coy Harville spoke regarding a fire that occurred on a portion of the Berry Hill Industrial Park and noted the RIFA Board should show their appreciation to the fire fighters.

APPROVAL OF MINUTES FOR THE SEPTEMBER 12, 2016 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Warren, Minutes of the September 12, 2016 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESCHEDULING THE AUTHORITY’S NOVEMBER MEETING

Authority Secretary Susan DeMasi explained due to the VACO Annual Conference, the November RIFA meeting would have to be moved to another day.

Mr. Shanks **moved** that the November RIFA meeting be rescheduled to Wednesday, November 16, 2016. The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5B. CONSIDERATION – RESOLUTION 2016-10-13-5B – WAIVER AND FORBEARANCE – ELKAY WOOD PRODUCTS

Director of Economic Development Telly Tucker explained staff received a letter from Mr. Burt Eades, plant manager of Elkay Manufacturing in Cane Creek. Their performance agreement with RIFA indicates there are several milestones they meet each year related to employment. Last year, the Board entertained a request to proportionately claw back those funds for the shortfall in employment; this year, they are doing the same. Elkay’s goal was

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380 full time jobs by September 30, 2016; as of June, they were at 171 full time employees. Based on the \$208,363.26 incentive they received, pro-rated, that equals \$548.32 per job; what they are requesting is consideration from the Board to repay proportionately their shortfall in the amount of \$114,600.54. This represents the proportional shortfall of jobs between the 380 and 171 where they are.

Mr. Vogler questioned if Elkay gave any indication why they are having trouble getting to that amount and Mr. Tucker noted the original Performance Agreement was signed during a period when the market was drastically different. They manufacture household cabinetry, kitchens and bathrooms; the market has not recovered to what they anticipated. Mr. Eades shared that a line had been discontinued and they would be bringing a new line on, so there would be opportunities for some new jobs to be created. In response to Mr. Barksdale, Mr. Guanzon explained the agreement states if they don't hit the goal, even if they are short one job, they have to pay a large amount; that is how the agreement was originally drafted. The Waiver and Forbearance Agreement says that RIFA, in its discretion can require something less than the full amount; in the past, members of the Board had indicated that if RIFA does exercise its full rights to recoup the entire amount, that could adversely affect Elkay's continued success in the area.

Mr. Barksdale asked Mr. Tucker if he gets a feeling in terms of their ability and Mr. Tucker noted he asked the plant manager if there are any concerns that RIFA needed to be aware of and he said the ownership of the company still has confidence in the Elkay manufacturing facility in Danville and they have plans to introduce a new line of cabinetry to be manufactured here in Danville.

Mr. Saunders entered the meeting at 12:20 p.m.

Mr. Shanks **moved** adoption of *Resolution No. 2016-10-13-5B, approving a waiver and forbearance of the full repayment amount due to the Authority in connection with the anticipated failure of Elkay Wood Products Company (surviving corporation by merger with Yorktowne Cabinetry, Inc.) to meet its 2016 Job Target pursuant to that certain Performance Agreement dated April 19, 2005, as amended, in exchange for the payment by Elkay Wood Products Company to the Authority by December 31, 2016, of a prorated amount equal to \$114,598.88.*

The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Saunders, Shanks (4)
NAY: None (0)

5C. FINANCIAL STATUS REPORT AS OF SEPTEMBER 30, 2016

Assistant Director of Finance, Patricia Connor reviewed the Financial Status report as of September 30, 2016, beginning with Cane Creek Centre bonds, noting no changes. General Expenditures show RIFA spent \$601, \$539 of that for two months of meals and \$62 for three months of utilities. Mega Park Funding Other Than Bonds showed no changes; Berry Hill Mega Park Lot 4 Site Development shows \$35,600 for Amendment #10 with Dewberry Engineers. Rent, Interest and Other Income Realized shows \$19,000 collected in rent from the Institute for Advanced Learning and Research for the Charles Hawkins

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Research Building, \$300 in rent from Securitas and a little over \$500 in Interest Income. RIFA expended \$37,900 to the Institute for two months of the property management fee for the Hawkins Building and \$43,696 to Blair Construction related to the upfit of the Hawkins Building; that came from the Restricted Funds that are restricted by the EDA.

Mr. Warren **moved** to accept the Financial Report as presented. The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Saunders, Shanks (4)
NAY: None (0)

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

At 12:26 p.m. Mr. Warren **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting:

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;

B. As permitted by Virginia Code § 2.2-3711(A)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29)(i) for discussion or consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Saunders, Shanks (4)
NAY: None (0)

D. On **Motion** by Mr. Warren and **second** by Mr. Shanks and by unanimous vote at 1:08 p.m., the Authority returned to open meeting.

E. Mr. Warren **moved** adoption of the following Resolution:

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WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Saunders, Shanks (4)
NAY: None (0)

6F. CONSIDERATION – RESOLUTION NO. 2016-10-13-6F DIRECTING THE AUTHORITY TO USE THE VIRGINIA PROCUREMENT ACT

Mr. Warren **moved** adoption of *Resolution No. 2016-10-13-6F directing that the Authority voluntarily use the procedure under the Virginia Procurement Act for soliciting contractors for certain utilities improvements to the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia. [No Written Resolution].*

The Motion was **seconded** by Mr. Saunders and carried by the following vote:


VOTE: 4-0
AYE: Barksdale, Warren, Saunders, Shanks (4)
NAY: None (0)

7. COMMUNICATIONS

Mr. Barksdale noted RIFA has a great team, it is a pleasure to work with everyone and encouraged everyone to keep up the good work.

The Meeting adjourned at 1:12 p.m.


Chairman


Secretary to the Authority